

State Board of Equalization

Operations Memo

Confidential

No: 1034

Date: December 1, 1995

Subject: SPECIAL TAXES SUPERVISORY REVIEW AND CONTROL OF COMPLIANCE ASSIGNMENTS

GENERAL

The Statewide Uniform Supervisory Review and Control of Compliance Assignments as outlined in Compliance Policy and Management Guidelines Section 205.000 was developed for the Sales and Use Tax Department. This Operations Memo formalizes similar procedures for the Special Taxes Department.

ASSIGNMENT CONTROL PROCEDURES

All assignments are to have a control that is used to add, transfer, and clear assignments and to identify who is currently assigned each active case. When this information is not captured and available from the network or mainframe, control will be maintained by an assignment control clerk or other designated person. All assignment additions, transfers, and deletions will flow through this person to ensure the control is kept current. Each new listing will be reconciled against accounts remaining active on the previous listing.

A. Revocations. Revocation assignments, which are currently limited to the Cigarette and Tobacco Products, Motor Vehicle Fuel, Use Fuel, and Diesel Fuel programs, will be controlled by a revocation inventory listing. The listing may be maintained on a computer data base or on hard copies. A tax representative identifier will be indicated for each account appearing on the inventory.

As each revocation is cleared, the account will be lined off or a clearance indicator will be added. The inventory should show the method of clearing the revocation (reinstatement, close-out, inoperative revocation, etc.).

B. Delinquencies. These assignments will be controlled by delinquency listings.

C. Collections. Collection assignments will be controlled by accounts receivable listings.

D. Miscellaneous Compliance Assignments. These assignments will be controlled by a computer data base, or by Form BT-93 (Assignment Control Sheet) or an alphabetical binder containing copies of the assignments (Form BT-86, etc.) which will be maintained by the assignment control clerk until the assignment is cleared.

If Form BT-93 or a computer data base is used, separate listings will be prepared for each representative. The listings will show the assignment number, type of assignment, taxpayer's account number and/or name and the date assigned. All Form BT-93's will be maintained in a binder. When an assignment is cleared, that entry will be lined through or a clearance indicator added.

If an alphabetical binder is used for control, assignment copies must be filed according to the representative assigned to the case. The taxpayer's name and/or account number and the date assigned must be shown on the assignment copy. When the assignment is cleared, the assignment copy should be removed from the binder.

Priority items such as bankruptcies, which may have specific dates for completion, may be flagged so the supervisor is aware of approaching due dates.

SUPERVISORY REVIEW

The following reviews are to be made by the appropriate level supervisor and should not be delegated downward except in the case of extended employee absence. Because review discussions are a valuable training device, supervisors should discuss each case with the staff member assigned the case. All reviewers will enter the date, their comments and/or suggestions and initials directly on the assignment (Forms BT-86, BT-452, comment screen, etc.). If the immediate supervisor is other than a BTCS II, the immediate supervisor will discuss the review findings with the BTCS II.

A. Collection Assignments. During [REDACTED], the immediate supervisor will review every account appearing on the Aged Accounts Receivable listing in the [REDACTED] age group. In addition, regardless of the age category, each [REDACTED] the immediate supervisor will review every listed Environmental Fees or Fuel Taxes Division account with a balance over [REDACTED] or Excise Taxes Division account over [REDACTED]. Additional accounts will be randomly selected, as necessary, to ensure that at least [REDACTED] of the aged accounts in each tax program are reviewed.

As a supplement to the first line review described above, each [REDACTED] the Principal Compliance Supervisors of Environmental Fees and Fuel Taxes will review all listed accounts with a balance over [REDACTED]; the Principal Compliance Supervisor of Excise Taxes will review all listed accounts with a balance over [REDACTED]. The reviews will include a discussion of the case with the collector and his or her supervisor and completion of Form SP-422. The completed Form SP-422 will be submitted to the appropriate Division Manager who will select at least [REDACTED] accounts for a face-to-face evaluation with the collector and supervisors responsible for the case. Each division shall retain copies of the completed lists for two years.

B. Delinquent Accounts in Programs Without Revocation Provisions. During the [REDACTED] following the due date, one or two delinquency notices are sent (depending on the program). Next, an accountability list is ordered for use in assigning the remaining delinquent accounts. These assignments are made between [REDACTED] days, which corresponds to the time revocations are assigned under the Sales Tax program.

[REDACTED], the immediate supervisor will review all accounts that have been delinquent for more than [REDACTED] days and previously reported a liability over [REDACTED] in an Excise Taxes program or [REDACTED] in an Environmental Fee or a Fuel Taxes program other than Underground Storage Tank Maintenance Fee (UGST). In addition, each month the Principal Compliance Supervisor will review the above cases that have been delinquent over [REDACTED] days and the Division Manager will review the cases delinquent over [REDACTED] days. [REDACTED], the immediate supervisor will review all accounts delinquent more than [REDACTED] days and previously reporting lesser amounts. The UGST reviews at all three supervisory levels will be on a [REDACTED] basis and will include accounts previously reporting over [REDACTED].

For each program, [REDACTED] the immediate supervisor will review a random sample of at least [REDACTED], whichever is less, of the delinquent accounts that were manually cleared on line.

C. Other Assignments. All other cases assigned to compliance personnel over [REDACTED] days (revocations, close-outs, etc.) will be reviewed [REDACTED] by the immediate supervisor. In addition, each [REDACTED] the Principal Compliance Supervisor will review those cases assigned over [REDACTED] days and the Division Manager will review those cases assigned over [REDACTED] days.

D. Additional Specific Tax Program Guidelines. These review guidelines are the minimum standard. A more frequent and comprehensive review may be appropriate for the smaller tax and fee programs. Divisions with specialized needs for a less comprehensive review in some programs should implement alternative procedures through a written division policy that is approved by the Division Manager and by the Deputy Director, STD.

OBSOLESCENCE

This operations memo will become obsolete when the information is incorporated into the appropriate manual.

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